



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
CALDWELL COUNTY CLERK**

**Calendar Year 1999**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.KYAUDITOR.NET](http://WWW.KYAUDITOR.NET)**

**144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELE. (502) 564-5841  
FAX (502) 564-2912**



**EXECUTIVE SUMMARY**  
**CALDWELL COUNTY**  
**TONI WATSON, COUNTY CLERK**  
**CALENDAR YEAR 1999**  
**FEE AUDIT**

**Fee Account Financial Condition:**

Adequate funds were available to pay all 1999 fee obligations.

**Excess Fees:**

The County Clerk paid fiscal court \$39,030 for calendar year 1999 excess fees.

**Compliance:**

There were no material compliance issues reported.

**Financial Notes:**

- Employee Retirement System is for nonhazardous duty employees.
- Deposits are fully insured or collateralized with a written agreement from the depository bank.
- The County Clerk received a Libraries and Archives Grant in 1999 which has not been expended. The December 31, 1999, balance is \$10,872.



## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES .....	3
NOTES TO FINANCIAL STATEMENT .....	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	11





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Van Knight, Caldwell County Judge/Executive  
Honorable Toni Watson, Caldwell County Clerk  
Members of the Caldwell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Caldwell County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Van Knight, Caldwell County Judge/Executive  
Honorable Toni Watson, Caldwell County Clerk  
Members of the Caldwell County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated June 16, 2000, on our consideration of the County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 16, 2000



CALDWELL COUNTY  
 TONI WATSON, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

State Fees For Services	\$	8,361
-------------------------	----	-------

Fiscal Court		4,233
--------------	--	-------

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	341,648
------------------------	----	---------

Usage Tax		1,461,824
-----------	--	-----------

Tangible Personal Property Tax		731,801
--------------------------------	--	---------

Licenses-

Fish and Game		7,271
---------------	--	-------

Marriage		4,727
----------	--	-------

Deed Transfer Tax		22,772
-------------------	--	--------

Delinquent Tax		44,076
		2,614,119

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$	19,207
---------------------------------	----	--------

Real Estate Mortgages		15,707
-----------------------	--	--------

Chattel Mortgages and Financing Statements		45,714
--	--	--------

Powers of Attorney		823
--------------------	--	-----

All Other Recordings		5,679
----------------------	--	-------

Charges for Other Services-

Candidate Filing Fees		170
-----------------------	--	-----

Copywork		5,184
		92,484

Other:

Title Applications	\$	4,290
--------------------	----	-------

Miscellaneous		45
		4,335

Interest Earned		2,859
		2,859

Gross Receipts (Carried Forward)	\$	2,726,391
----------------------------------	----	-----------

CALDWELL COUNTY  
 TONI WATSON, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1999  
 (Continued)

Gross Receipts (Brought Forward) \$ 2,726,391

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 252,380	
Usage Tax	1,413,694	
Tangible Personal Property Tax	255,675	

Licenses-

Fish and Game	7,070	
Delinquent Tax	6,464	
Legal Process Tax	12,532	
Candidate Filing Fees	90	
Marriage Licenses	1,825	\$ 1,949,730

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 59,377	
Delinquent Tax	4,985	
Deed Transfer Tax	21,570	85,932

Payments to Other Districts:

Tangible Personal Property Tax	\$ 386,669	
Delinquent Tax	20,289	406,958

Payments to Sheriff 1,306

Payments to County Attorney 7,203

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies Salaries	\$ 89,035	
Part-Time Salaries	3,347	
Other Payroll Disbursements	594	

Employee Benefits-

Employer's Share Social Security	11,725	
Employer's Share Retirement	11,375	
Employer's Paid Health Insurance	16,817	

TONI WATSON, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1999  
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:  
 (Continued)

Contracted Services-			
Advertising	\$	192	
Printing and Binding		2,113	
Computer Maintenance		9,500	
Materials and Supplies-			
Office Supplies		4,050	
Other Charges-			
Conventions and Travel		2,364	
Dues		500	
Postage		4,483	
Errors and Omission Insurance		2,458	
Telephone		2,591	
Refunds		5,435	
Returned Checks		58	
Miscellaneous		612	
Capital Outlay-			
Office Equipment		6,876	
Bad Debt		54	
		<u>54</u>	\$ 174,179
Total Disbursements			<u>\$ 2,625,308</u>
Net Receipts			\$ 101,083
Less: Statutory Maximum	\$	57,765	
County Clerk's Training Incentive		<u>688</u>	<u>58,453</u>
Excess Fees			\$ 42,630
Less: Expense Allowance			<u>3,600</u>
Excess Fees Due County for Calendar Year 1999			\$ 39,030
Payments to County Treasurer - March 13, 2000			<u>39,030</u>
Balance Due at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

CALDWELL COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent.

CALDWELL COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 1999  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Libraries and Archives Grant

The County Clerk received local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$10,760. Interest totaling \$112 was earned during calendar year 1999. The unexpended grant balance was \$10,872 as of December 31, 1999.

Note 5. Change Fund

The Caldwell County Fiscal Court has loaned the Clerk \$400 for the change drawers. This is to be paid back to the county at the end of her term

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Van Knight, Caldwell County Judge/Executive  
Honorable Toni Watson, Caldwell County Clerk  
Members of the Caldwell County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Caldwell County Clerk's financial statement as of December 31, 1999, and have issued our report thereon dated June 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Caldwell County Clerk's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Caldwell County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Van Knight, Caldwell County Judge/Executive  
Honorable Toni Watson, Caldwell County Clerk  
Members of the Caldwell County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 16, 2000

